

AMENDED IN SENATE MARCH 21, 2006
AMENDED IN ASSEMBLY JANUARY 24, 2006
AMENDED IN ASSEMBLY JANUARY 11, 2006
AMENDED IN ASSEMBLY JANUARY 4, 2006
AMENDED IN ASSEMBLY APRIL 7, 2005
CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 326

Introduced by Assembly Member Blakeslee

February 10, 2005

An act to amend Sections 270 and 275 of the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 326, as amended, Blakeslee. Telephone corporations: universal service.

Existing law, the federal Telecommunications Act of 1996, establishes a program of cooperative federalism for the regulation of telecommunications to attain the goal of local competition, while implementing specific, predictable, and sufficient federal and state mechanisms to preserve and advance universal service, consistent with certain universal service principles. The act authorizes states to adopt regulations not inconsistent with Federal Communications Commission rules to preserve and advance universal service. The act requires that every telecommunications carrier that provides intrastate telecommunications services contribute, on an equitable and nondiscriminatory basis, in a manner determined by the state, to the

preservation and advancement of universal service in that state. The act authorizes each state to adopt regulations to provide for additional definitions and standards to preserve and advance universal service within the state, only to the extent that they adopt additional specific, predictable, and sufficient mechanisms that do not rely on or burden federal universal service support mechanisms.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. Existing law authorizes the commission to fix just and reasonable rates and charges. Existing law establishes the California High-Cost Fund-A Administrative Committee Fund, the California High-Cost Fund-B Administrative Committee Fund, the Universal Lifeline Telephone Service Trust Administrative Committee Fund, the Deaf and Disabled Telecommunications Program Administrative Committee Fund, the Payphone Service Providers Committee Fund, and the California Teleconnect Fund Administrative Committee Fund in the State Treasury and requires that the moneys in the funds be expended only to accomplish specified telecommunications universal service programs, *and* upon appropriation. Existing law provides that moneys in the funds are the proceeds of rates and are held in trust for the benefit of ratepayers and to compensate telephone corporations for their costs of providing universal service.

~~The~~

This bill would provide that the above-described restrictions do not limit the authority or discretion of the commission to develop, implement, or maintain suitable programs for the support of universal service. The bill would make legislative findings and declarations that because maintenance of universal public switched telephone network service throughout the state and maintenance of public safety answering points in high-cost areas of the state rely on appropriations from the California High-Cost Fund-A Administrative Committee Fund, maintaining adequate funding levels for the fund is critical to public health and safety.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 270 of the Public Utilities Code is
2 amended to read:

270. (a) The following funds are hereby created in the State Treasury:

(1) The California High-Cost Fund-A Administrative Committee Fund.

(2) The California High-Cost Fund-B Administrative Committee Fund.

(3) The Universal Lifeline Telephone Service Trust Administrative Committee Fund.

(4) The Deaf and Disabled Telecommunications Program Administrative Committee Fund.

(5) The Payphone Service Providers Committee Fund.

(6) The California Teleconnect Fund Administrative Committee Fund.

(b) Moneys in the funds are the proceeds of rates and are held in trust for the benefit of ratepayers and to compensate telephone corporations for their costs of providing universal service. Moneys in the funds may only be expended pursuant to this chapter and upon appropriation in the annual Budget Act or upon supplemental appropriation. *This section does not limit the authority or discretion of the commission to develop, implement, or maintain suitable programs for the support of universal service.*

(c) Moneys in each fund may not be appropriated, or in any other manner transferred or otherwise diverted, to any other fund or entity, except as provided in Sections 19325 and 19325.1 of the Education Code.

~~(d) This section shall become operative on January 1, 2006.~~

~~SECTION 1.~~

SEC. 2. Section 275 of the Public Utilities Code, as amended by Section 1 of Chapter 767 of the Statutes of 2004, is amended to read:

275. (a) There is hereby created the California High-Cost Fund-A Administrative Committee, which is an advisory board to advise the commission regarding the development, implementation, and administration of a program to provide for transfer payments to small independent telephone corporations providing local exchange services in high-cost rural and small metropolitan areas in the state to create fair and equitable local rate structures, as provided for in Section 739.3, the development of a grant program for the construction of telecommunications

1 infrastructure as set forth in Section 276.5, and to carry out the
2 program pursuant to the commission's direction, control, and
3 approval.

4 (b) All revenues collected by telephone corporations in rates
5 authorized by the commission to fund the program specified in
6 subdivision (a) shall be submitted to the commission pursuant to
7 a schedule established by the commission. The commission shall
8 transfer the moneys received to the Controller for deposit in the
9 California High-Cost Fund-A Administrative Committee Fund.
10 All interest earned by moneys in the fund shall be deposited in
11 the fund. Any unexpended revenues collected prior to the
12 operative date of this section shall be submitted to the
13 commission, and the commission shall transfer those moneys to
14 the Controller for deposit in the California High-Cost Fund-A
15 Administrative Committee Fund.

16 (c) Moneys appropriated from the California High-Cost
17 Fund-A Administrative Committee Fund to the commission shall
18 be utilized exclusively by the commission for the program
19 specified in subdivision (a), including all costs of the board and
20 the commission associated with the administration and oversight
21 of the program and the fund.

22 (d) The Legislature finds and declares that because
23 maintenance of universal public switched telephone network
24 service throughout the state and maintenance of public safety
25 answering points in high-cost areas of the state rely on
26 appropriations from the California High-Cost Fund-A
27 Administrative Committee Fund, maintaining adequate funding
28 levels for the fund is critical to public health and safety.